

The meeting of the Washington Citizens' Commission on Salaries for Elected Officials was convened in Olympia and brought to order by Sue Byington, Chair, at 9:01 AM, on February 24, 2005.

COMMISSION MEMBERS PRESENT

Mr. Baxter Mr. Boggs
Ms. Byington Mr. Carlisle
Mr. Doman Ms. Hanson
Ms. Hightower Mr. Holzmeister
Mr. Hopkins Ms. Hornbeck
Mr. Irwin Mr. Ryan
Dr. Schwartz

COMMISSIONERS EXCUSED

Ms. Alyea
Ms. Wicks

COMMISSIONER UNEXCUSED

Mr. Blaney

STAFF PRESENT

Ms. Pinero
Ms. Sayer

VICE CHAIR HOPKINS READ INTO THE RECORD A FEBRUARY 4, 2005 LETTER FROM GOVERNOR GREGOIRE.

I am sorry I am unable to attend your meeting on February 24, 2005, but I would like to comment on the work you have done regarding salary setting for elected state officials.

I know how difficult it is to set salaries, especially for elected officials. I am, therefore, very supportive of your decision to conduct a Willis Point Factor Evaluation for the nine elected statewide officials. Obtaining this kind of objective documentation is an important step in establishing appropriate salaries for elected officials.

The Willis Point Factor Evaluation has been used in state government for many years and I have found it to be extremely helpful in evaluating positions. Your decision to use Willis provides, for the first time, a level of consistency in salary setting throughout top management in state agencies.

I realize that salary setting can never be completely objective. The factors used by Willis in evaluating positions, however, help us be far more objective and should elevate this year's salary setting to a new level of fairness. I am, therefore, very supportive of your work and commend staff and commissioners for conducting this important evaluation.

VICE CHAIR HOPKINS ALSO READ INTO THE RECORD A FEBRUARY 23, 2005 LETTER FROM FRANK CHOPP, SPEAKER OF THE HOUSE AND LISA BROWN, SENATE MAJORITY LEADER.

Thank you for your letter of February 1.

Sen. Spanel and Rep Murray reported to us regarding their testimony before the Commission last month. They appreciated the opportunity to share their views on legislators' duties and responsibilities and on the work of the Commission. All of us are pleased that the commissioners found their participation helpful.

In response to your questions, we do not believe it either possible or appropriate for us to take a position on behalf of the "the Legislature." It would be presumptuous of us to take a position on this issue for all 147 legislators, who undoubtedly have diverse views on the subject. Nor is it appropriate for us to do so since the ultimate authority on this issue under the state constitution rests with the Commission. Having received testimony regarding legislators' duties from the Legislature last month and in previous years, we trust the Commission will give that testimony whatever weight it deems appropriate when it adopts a schedule.

Please convey our thanks and appreciation to the Commission members for their public service.

TESTIMONY BY MICHAEL J. MURPHY, STATE TREASURER

Mr. Murphy handed out a document titled, Presentation to the Commission on Salaries for Elected Officials, February 24, 2005 and made the following points:

- His office has 70 employees and a yearly budget of \$16 million dollars.
- Constitutional duty is to manage the state's financial resources.
- As the state's chief financial officer, the Treasurer is responsible for keeping the books and managing taxpayers' money from the time it is collected until it is spent on programs funded by the Legislature.
- The office provides banking, investment, debt issuance and accounting services for state government and plays a major role in providing financial services to local governments.
- Before being elected State Treasurer, he served as Thurston County Treasurer and has 32 plus years of experience.
- On a slow day his office has a cash flow of \$100 million dollars and on a busy day, three-quarters of a billion dollars.
- He described their new state-of-the-art treasury computer system.

Commissioners' discussion with Mr. Murphy:

Mr. Carlisle inquired whether the computer system was controlled by the Treasurer's Office.

- Mr. Murphy responded they have one of the largest information technology staffs for the size of their office; it is a stand-alone system.

Mr. Doman inquired about subordinate salaries.

- Mr. Murphy answered that there are four employees who make more than the Treasurer but those are market sensitive positions. He also stated that it was difficult to get quality people if the salaries are not sufficient. He does not plan to run for reelection and, while he could easily make twice as much in the private sector, he enjoys his work as the State Treasurer.

Mr. Doman asked Mr. Murphy as he leaves office, what counsel would he have for his successor.

- Mr. Murphy remarked that Treasurer's daily cash flow is bigger than any bank in the state. The position should be paid an appropriate salary and the boss should be paid more than his or her subordinates. He further remarked that some city and county treasurer's salaries are higher than his.

Dr. Schwartz asked who sets the salaries for the Treasurer's employees.

- Mr. Murphy replied the office employs 28 employees who serve at the will of the Treasurer and he sets their salaries.

Mr. Hopkins asked if state treasurers are uniformly elected around the country.

- Mr. Murphy answered no; some are elected by their legislatures. The state needs a separation of the branches of government and the independence of being elected by the public.

Mr. Hopkins stated that there seems to be a great potential for disaster if the person is incompetent.

- Mr. Murphy responded that the Connecticut former treasurer is in prison. He is a firm believer in education toward prevention.

Ms. Byington asked about the relationship of salary to subordinate assistants and deputies with respect to accountability.

- Mr. Murphy replied that he has one assistant treasurer and three deputy treasurers. The assistant can do anything he can do.

Mr. Carlisle asked if Mr. Murphy knew how the salary structure of local treasurers compared to other state treasurers.

- Mr. Murphy replied he would need to analyze the salaries of the treasurers in other states. Duties of the job vary greatly from state to state. Washington has a full service treasury.

Mr. Ryan asked, in terms of responsibility, do other states have responsibilities for oversight of areas such as Revenue or similar to our Office of Financial Management.

- Mr. Murphy said Michigan and New Jersey have other responsibilities but both treasurers are appointed.

Mr. Ryan asked whether a CPA was required for the position of State Treasurer.

- Mr. Murphy replied it was not but he had obtained the Washington Professional Financial Officer designation and receives continuing education through that program.

Mr. Ryan asked if he had granted raises to subordinates.

- Mr. Murphy answered that he has granted what rank and file employees have received and where duties have significantly changed.

Mr. Ryan asked if subordinate positions require specific credentials.

- Mr. Murphy responded no, but he hires staff with credentials appropriate to their positions.

TESTIMONY BY DR. TERRY BERGESON, SUPERINTENDENT OF PUBLIC INSTRUCTION

Ms. Bergeson stated that she appreciated the opportunity to talk with the Commission about her job.

- It is important to her to be recognized across the state for what her position does. But she does not like to talk about salaries.
- Has a passion for education. She came up through the teacher ranks.
- Believes that this Commission has a chance to make a difference.
- These are terrible economic times but you can't wait for good economic times to make changes.
- Compares her position with and requested consideration that the salary of her position be the same as the Attorney General.
- Her office has a biennial budget of \$10.8 billion dollars.
- Serves as the general supervisor for all schools.
- Washington is in the top tier of states academically. Has been #1 two years in a row. Has never been in that position before.
- Her primary job is to assist 296 school districts and 2,144 schools help kids to succeed. Also to be sure kids are graduating with diplomas that are backed with real skills that prepare them for the future.

- Biggest challenge is the lack of money and the fact that education continues to lose ground to health care, prisons, etc. While the state's budget for education is less than it was in 1992, they continue to make gains in educational success.

Commissioners' discussion with Ms. Bergeson:

Mr. Hopkins asked how much budgetary authority her office has for individual school districts.

- Ms. Bergeson replied the distribution is done by a very complex formula but her office targets resources to address problems. All Federal K-12 education funds go through her office. The office has a compliance role to oversee district budgets and expenditures. Her office does not run local districts but if problems occur, they assist them by working with the State Auditor to get them back on track.

Ms. Byington asked Ms. Bergeson if it was her role to disburse the funds per a formula.

- Ms. Bergeson replied yes, to ensure that the funds are distributed and used properly per the formula.

Mr. Doman asked whether her agency is the focal point for teacher salary concerns. What guidance can she give to the Commission as it considers Executive Branch elected officials' salaries and budgetary constraints for teacher salaries.

- Ms. Bergeson answered that it was hard for her to come before the Commission. There have not been decent pay raises for teachers for a long time. There is a direct link between her job and teachers in the classroom. Theirs is the most important job. She also needs to be able to recruit and retain good staff.

Mr. Doman asked if there was any fallout from teachers after she received an increase for her position.

- Ms. Bergeson responded no.

Mr. Carlisle asked how many employees she has and how she handles compensation for subordinates.

- Ms. Bergeson responded 374 employees and she looks at the market for her exempt staff.

Ms. Hornbeck asked what the average salary for teachers is.

- Ms. Bergeson responded the average salary is \$45,000 which is \$10,000 below the average per the National Education Association.

Ms. Hightower asked for a definition of "certificated superintendent" and why the Superintendent of the Seattle District was not on the list of school superintendents submitted by her office.

- Ms. Bergeson's response was that she believes it is a professional designation. Superintendents do not need to be certified teachers. Her staff will provide additional information.

TESTIMONY BY SAM REED, SECRETARY OF STATE

Mr. Reed stated that the Secretary of State is a very historic office; one that dates from territorial days.

- Mr. Reed is the chief elections officer, a very high profile position with a large degree of accountability.
- The counties are responsible for elections and registering voters but his office has oversight of elections and trains local elections' staff and conducts reviews of county procedures.
- His office also handles corporation licensing for 260,000 for-profit and non-profit organizations which is very important to the business community.
- Charity organizations must register with his office. Their role is to provide information on each

individual organization so the public can be informed before they make charitable contributions.

- They maintain the history of state and local governments. Their documents date back to the 1850's. They also have a new digital center for electronic documents.
- In 2002, the Legislature transferred responsibility for the State Library to his office. The State Library is the backbone of all public and most private libraries in the state.
- His office oversees smaller divisions such as the Productivity Board which handles employee recognition and employee suggestion awards within state government and higher education. He also has oversight for the Address Confidentiality Program for women in abusive situations and the oral history program for major political figures. His office is the contact agency for tracking international corporations that operate in Washington.
- The Governor has asked that he and the Lieutenant Governor each do two foreign trade missions per year.

Commissioners' discussion with Mr. Reed:

Ms. Hornbeck asked, regarding state elections, has the Legislature granted additional responsibilities to his office.

- Mr. Reed answered the trend is to place more responsibility for oversight of state elections on his office and to audit county election operations. His office is responsible for monitoring counties' consistency to election standards. A Federal act requires that the state standardize elections.

Ms. Hanson inquired whether his current salary is appropriate because of the budgetary situation or when compared with other state positions.

- Mr. Reed recommended keeping salaries current with other employees. Treat all the same.

Mr. Carlisle asked how many exempt and classified employees he has and how he deals with raises.

- Mr. Reed answered that he has 285 employees with 15 of them exempt. The State Library is the largest division. He reviews the exempt positions every six months and makes adjustments as required for market conditions.

Mr. Ryan inquired about the Secretary of State's independent authority.

- Mr. Reed referred commissioners to his response to Question #8 of the questions sent to the Executive Branch Officials prior to the meeting. He explained that one difference between his position and cabinet department directors is that they either have boards or commissions or the Governor setting overall policy. His position is independently elected and he sets statewide policy for his area of stewardship and is individually accountable to the public.

In closing Mr. Reed told the Commission that it is doing a good job of setting the elected officials salaries. Before the Commission was created, the state had an unfair system.

TESTIMONY BY BRAD OWEN, LIEUTENANT GOVERNOR

Mr. Owen thanked the Commission for the work it does.

- He referred to the chart that shows the salaries of the state elected officials and the appointed agency heads and questioned why others make more than he does. He spends as much time on the job and represents the state at numerous functions.
- His position should be better aligned with the other state elected officials.
- He pointed out that he does receive additional compensation for serving as Governor when he/she is out of the state. He also receives per diem when the Legislature is in session.
- He recommended that the Commission be consistent with what the Legislature does for state employees.

Commissioners' discussion with Mr. Owen:

Mr. Carlisle asked how large his staff is.

- Mr. Owen responded six.

Ms. Hornbeck noted that he has many and varied duties. What is your most significant and challenging duty.

- Mr. Owen answered serving as the President of the Senate. There is also an increase in international trade and in foreign relations. Understanding protocol in dealing with the international community is very important and challenging.

Mr. Hopkins asked what resources he has for entertaining international people.

- Mr. Owen answered that state dollars can not be used for gifting foreign dignitaries. He has gone to private companies in the state who make products that are suitable for gifts. He now has an account and is able to raise money for gifts and meals. This makes the state more equal in hosting.

Mr. Hopkins said that two years ago the Commission had a Willis review done on the Executive Branch positions. The position of Lieutenant Governor was evaluated at Plateau C and not as high as some positions in the plateau. Did Mr. Owen have any comments.

- Mr. Owen replied that he believes the reviewer had a lack of knowledge regarding the responsibilities of his position. He sees the issue with respect to salary as not what is required by statute but expectations of the public, the Governor, and the Legislature.

Mr. Carlisle asked Mr. Owen how much he receives in additional compensation.

- Mr. Owen replied that it varies with the length of session and how much time he serves as Governor. It ranges from \$10,000 to as high as \$20,000.

Ms. Byington referred commissioners to Tab 15 which lists the dollars the Lieutenant Governor received in 2002 and 2003 for service as Governor and the amount he receives for legislative per diem.

TESTIMONY BY BRIAN SONNTAG, STATE AUDITOR

Mr. Sonntag stated that he was not before the Commission to ask for more money or to be a squeaky wheel. He would focus his remarks about the importance of the State Auditor's Office. Mr. Sonntag stated that he appreciates the work the Commission does.

- His core principle regarding salaries is that he does not want to be treated differently than state employees.
- The work of the Auditor's Office is fundamental to state government and affects all units of state and local government.
- His office audits 2,700 units of government annually.
- Audits \$80 billion in federal, state and local dollars every year.
- His office has 300 employees across the state.
- He is the public's auditor. He does not report to the Governor or to the Legislature; he works for the people. He is the champion for Washington citizens and taxpayers.
- His office bills the government organizations for the audits; that work is not funded by the Legislature.
- His office is on the verge of expanded responsibilities which will include performance audits of state agencies. He has requested \$5 million from the Legislature to begin the audits.

Commissioners' discussion with Mr. Sonntag:

Ms. Hightower asked how much will that increase the work load and will performance audits be done on local government as well.

- Mr. Sonntag responded that they will only conduct performance audits on state agencies. It won't increase the number of audits, but will give a more complete picture.

Mr. Doman asked where the funds for the performance audits come from will.

- Mr. Sonntag answered that they are state appropriated funds.

Mr. Hopkins inquired whether the funds would be part of his operating budget. Will other state agencies support the cost.

- The response was \$2.5 million per year will be built into his operating budget by the Legislature. The performance audits would not be funded by other agencies.

Mr. Doman further inquired, stating that the Attorney General seems to be the only Executive Branch position that requires a professional license. Does Mr. Sonntag think there should be one for his office.

- Mr. Sonntag answered no, those serving should reflect the citizenry. He is a certified government financial manager.

Mr. Carlisle asked what the annual budget of your office is.

- Mr. Sonntag replied \$24 million per year. Part of that is a state appropriation and the rest comes from billings for the audits.

Ms. Hornbeck asked him to identify the most difficult or challenging aspect of his job.

- Mr. Sonntag responded having people understand the scope of the Auditor's office. It is the state's financial watchdog. His office can't audit every transaction. They must be open and credible to the organizations being audited and to the public. He takes a pro-active approach to prevent problems such as fraud training to eliminate problems before they occur.

Mr. Hopkins asked if he has rule making authority.

- Mr. Sonntag responded yes, the state Budget and Accounting Act as well as rules and procedures for local government.

Mr. Doman asked whether there are other positions his office should be compared with such as in private industry.

- Mr. Sonntag responded that it is difficult. You can't compare the state elected officials' positions with those in private sector. The Auditor's Office is the largest public accounting firm in the state but public accounting is different. He believes he is fairly compensated. He also stated that he felt comparisons with other states are difficult as many state auditors are appointed or the work is contracted out.

Ms. Byington stated that her interpretation of what Mr. Sonntag was saying was to base the rate of pay appropriately and increase elected officials' salaries at the same rate as other state employees.

- Mr. Sonntag agreed.

Mr. Ryan asked whether the state auditors who are appointed in other states make more money than those that are elected.

- Mr. Sonntag answered that is always the case.

Mr. Sonntag concluded by saying he loves his work and is proud and honored to serve the citizens of the state.

TESTIMONY BY DOUG SUTHERLAND, COMMISSIONER OF PUBLIC LANDS

Mr. Sutherland began his testimony by stating that many people don't know what the Department of Natural Resources does. Significant properties were granted to the agency when Washington became a state. There is a fiduciary responsibility over those lands.

- They manage 3 million acres of timberlands and the waters of the Puget Sound, navigable rivers, and natural lakes.
- DNR is the state's 35th largest business. It generates an income of \$250 million per year.
- All DNR revenue is non-taxed money.
- DNR regulates all forest practices.
- Staff of 1,400 people. There was a staff of 1,600 when he took office but the agency needed to reduce expenditures and increase productivity.
- The department retains 25% of funds generated for operating funds.
- Some public funds are appropriated for recreational lands and programs.
- DNR has responsibility for statewide forest fire fighting.
- Their mandate is to maximize the income of the trusts.

Commissioners' discussion with Mr. Sutherland:

Mr. Ryan asked whether other states' natural resources offices have other functions.

- Mr. Sutherland responded that each state is different. In only five states is the position elected. He could not think of another state that was comparable to Washington.

Mr. Hopkins stated that he has been reading about the federal government downloading lands to states. He asked whether that will have an impact on DNR.

- Mr. Sutherland said yes.

Mr. Carlisle asked if his agency is more broad based than some because DNR generates revenue.

- Mr. Sutherland said that 25% of the revenue generated pays salaries and overhead.

Mr. Hopkins asked how his salary compares to the directors of Ecology and Fish and Wildlife. Have they received significant salary increases since 2003 or has there been turnover in those positions.

- Mr. Sutherland replied no. They are appointed positions and the salary is determined by the Governor and the Fish and Wildlife Commission. He noted that the State Auditor had commented about the salaries of appointed versus elected officials. He stated that there was a significant disparity between the Willis points for appointed and elected officials. He believes that the elected officials must be far more responsive to the public and that the salaries should be comparable.

TESTIMONY BY MIKE KREIDLER, INSURANCE COMMISSIONER

Mr. Kreidler stated that he would present an overview of the challenges of his position in regulating an industry that touches every person in the state.

- His office is seeing improvements in some areas of the health insurance business but there are still problems.
- His office collects \$350 million in revenue for the state.
- The Commission has a difficult task with respect to salaries. He suggested the Commission look at what state employees receive.
- He also suggested that the Commission consider the Willis study and elected officials' positions relative to the appointed agency heads.

Commissioners' discussion with Mr. Kreidler:

Mr. Carlisle inquired about the number of employees in the Office of the Insurance Commissioner.

- Mr. Kreidler responded he has 200 employees. In the last two years, he has had to take over several insurance companies. They are court approved companies his office operates. Currently four insurance companies are in receivership.

Ms. Hornbeck inquired about his biggest challenge.

- Mr. Kreidler replied that making sure insurance is available and at a price that is affordable. The Insurance Commissioner is a cop and must hold the insurance companies accountable.

Ms. Hornbeck asked Mr. Kreidler to define "hard market".

- Mr. Kreidler stated that insurance goes in global cycles with the number of carriers in the market and that the current state of the industry is considered a hard market.

Mr. Doman inquired about the extent to which insurance taxes had an effect on the business environment. Also, how much influence does his office have on whether companies locate in Washington.

- Mr. Kreidler said his office doesn't administer insurance programs; the Health Care Authority has that responsibility. His office does collect taxes and that the tax rates are quite consistent across the U.S. His responsibility is more of a regulatory function. Currently it only takes a few weeks for companies to be authorized to operate in the state; it used to take 13 months.

Mr. Ryan inquired what Mr. Kreidler's profession was before he became Insurance Commissioner.

- He responded that he was an optometrist, and after that a state legislator, a member of Congress and a health and services director at the federal level.

TESTIMONY BY CHIEF JUSTICE, GERRY ALEXANDER

Chief Justice Alexander thanked the Commission for the opportunity to address them and to respond to questions from the January 27th meeting. He handed out a document titled, Washington Judiciary's Presentation to the Citizens' Commission on Salaries for Elected Officials dated February 24, 2005. Also attending were judges Leonard Costello and Eileen Kato as well as Janet McLane, Administrator for the Administrative Office of the Courts.

- The Judiciary appreciated the opportunity to participate in the Willis review of the judicial positions done by Mr. Owen.
- The Judiciary supports the conclusions reached in the study.
- Judges are leaving the bench for the Federal bench or to go into private mediation firms.
- They support the concept of the Commission providing regular COLAs. The Chief Justice stated that was fundamental to keeping good judges on the bench.
- Requested that the Commission retain the existing differential between the levels of the courts.
- The state has good and capable judges at each level.

- Recommended that the Commission use the salaries of Federal judges as the benchmark for the state's judges. In 1981 the American Bar Association recommended tying the state Supreme Court Justices to the U.S. Circuit Court of Appeals Judges. The U.S. District Court judges are equal to the state's District Court judges. He is not suggesting that the salaries should immediately be brought up to the Federal level but the Federal judges should be used as the benchmark for the state's judges.
- The work of Federal judges and state judges are similar. Federal courts are a small part of the whole court system as 98% of cases in the United States are in state courts.
- Chief Justice Alexander referred commissioners to the green sheet in the handout. He stated that state court judges are called on to decide many more disputes than the judges of the Federal courts. State court judges' decisions affect the "life, liberty and property" of literally millions of citizens every year. While only on rare occasions do their decisions achieve the publicity accorded by the media to many decisions of the United States Supreme Court, the quality of justice accorded in state courts is, in reality, the quality of justice in the United States.
- Chief Justice Alexander spoke to the question of judges leaving the state bench. He stated that of the 35 Federal judges and magistrates for the Eastern and Western Districts of Washington, 13 or 37% are former Washington State judges. He said good, young judges are going to the Federal bench. He said that factors for this include not having to run for election and better salary.
- The Chief Justice addressed the issue of judges leaving for private arbitration and mediation firms. He stated that of the 11 Washington members of the Judicial Arbitration and Mediation Services, eight are former state judges. Of the seven members of the Judicial Dispute Resolution, seven are former state judges and one is a former court commissioner. Of the total 18 members of the two arbitration and mediation services, 14 or 77% are former state judges.
- Chief Justice Alexander referred commissioners to the handout that has photographs of some of the judges that have gone into private firms. He stated that it is happening with more frequency particularly in metropolitan areas. This is a concern to him. Washington has a great Judiciary. He sees the movement of judges to private mediation and arbitration firms as a danger sign. He does not want to continue to lose good judges.
- The state needs a salary standard that keeps pace with inflation and moves toward the Federal bench. The state needs to attract and retain the best and brightest.
- He urged the Commission to consider a 1% equity increase in each year of the biennium in addition to the COLA to move toward the Federal bench. This will be a strong statement to judges of their importance.

Commissioners' discussion with Chief Justice Alexander:

Mr. Hopkins stated that the Chief Justice had provided helpful information. There is more transfer than he thought.

- Chief Justice Alexander stated that if the salaries were more equal, we would probably see more Federal judges moving to the state bench. He stated, for example, that U.S. District Courts have limited jurisdiction but state district courts have general jurisdiction.

Mr. Doman asked if the lack of federal movement to state courts was because they required more training.

- Chief Justice Alexander said no. State courts are more interesting, there is more variety of cases, and they are more real world than the issues dealt with in Federal courts.

Mr. Ryan asked if the most difficult or important cases can come from outlying areas; for example the gubernatorial trial going on in Wenatchee. Cases in smaller counties are not necessarily less complex.

- Chief Justice Alexander agreed and stated that as an example the judge in Ritzville is the face of justice in that area of the state.

Mr. Ryan said we have X number of judges and the case loads have increased. Does the Legislature establish new positions.

- Chief Justice Alexander answered that the Commission presently sets the salaries of nine Supreme Court Justices, 22 judges of the Court of Appeals, 177 Superior Court judges, and 113 District Court

judges. The state has an economic model formula for how many judges an area should have. They work with the Legislature to obtain additional judicial positions. Also, they need endorsement of the affected county commissioners for additional judges.

Ms. McLane stated that the Judiciary has a request to the Legislature for one additional superior court and one district court judge.

Chief Justice Alexander stated that Whatcom County needs about six new judges but the county can only support one.

Mr. Ryan asked if there was another way to fund additional judges.

- Chief Justice Alexander responded that the Judiciary has an initiative to the Legislature to have the state fund a greater share of superior and district court judges. They are asking the Legislature to pick up half of the district court judges' salaries to give the counties some relief.

Mr. Ryan asked if there are a lot of instances where plaintiffs file where they want or where it is convenient for them.

- Chief Justice Alexander replied that Thurston County Superior Court is a major venue for suits against the state. The Attorney General is located here and that makes it more convenient.

Mr. Doman asked Chief Justice Alexander to clarify an earlier statement. Would you suggest that we would have a different makeup if salaries were higher.

- Chief Justice Alexander responded that it is insurance against losing the best and brightest while providing a greater attraction to those that might leave private practice to serve on the bench. Judges go into the Judiciary for altruistic reasons. If the Commission uses another governmental system for a benchmark, it should be the Federal bench.

Mr. Ryan inquired about judicial tenure.

- The Chief Justice answered that he believes he has the most seniority with 32 years of service on the state bench.

Mr. Ryan asked whether ten percent of state judges are leaving the bench.

- Judge Eileen Kato answered that this has occurred over the last ten years.
- Chief Justice Alexander answered they are excellent people. We are losing really talented judges.

Mr. Baxter asked whether there is a large difference between the Federal bench and private mediation and arbitration salaries.

- The Chief Justice stated that he assumes so but does not have information on salaries in private arbitration and mediation firms. It has gotten to be a big business and is attractive to judges.

Mr. Hopkins asked, comparing different states, Washington is in the top third. Do the states at the bottom have more turnovers.

- Not really, responded Chief Justice Alexander, those judges are in smaller, rural states such as North Dakota. Also, the mediation and arbitration firms are usually found in large metropolitan areas.

Judge Eileen Kato stated that she had attended a judicial conference in Hawaii and the salary for their judges is less but they have a better retirement package. She stated that it was hard to compare salaries among the

various states because they are different; particularly because of different benefit packages. She stated that California and Illinois use the Federal benchmark for setting judicial salaries.

PUBLIC TESTIMONY

No members of the public were in attendance.

WORK SESSION

Approval of the minutes

Chair Byington stated that the next item on the agenda was approval of the minutes of the January 27, 2005 regular meeting and asked whether there were additions or corrections to the draft minutes.

Ms. Hornbeck noted that she was listed as Mr. Hornbeck on the last page and asked that it be corrected.

MOTION BY MR. CARLISLE TO APPROVE THE JANUARY 27, 2005 MINTUES AS CORRECTED; SECOND BY MR. HOPKINS. THE MOTION PASSED UNANIMOUSLY.

2005-06 Proposed Salary Schedule

Chair Byington suggested that commissioners discuss the proposed salary schedule and today's testimony by the Executive Branch elected officials. She suggested that commissioners also review the proposal for the Legislative and Judicial branches and share their thoughts and comments. She stated that a final decision would not be made until the May meeting.

- Mr. Carlisle stated that he found the testimony educational and interesting; particularly from the Superintendent of Public Instruction and the Commissioner of Public Lands. He further stated that the bulk of the Executive Branch elected officials said they were treated fairly with respect to salary and his inclination was the approach taken by past salary commissions was good. He is not swayed to do much until he learns what will happen with state employee increases. The elected officials should be treated like other state employees. With respect to the Lieutenant Governor, his compensation may be less but he believes with his perks and added compensation his position is close to where it should be.
- Ms. Byington stated that two years ago, the Commission asked Cary Randow of the Department of Personnel to do a Willis review of the nine Executive Branch positions. Based on that review, the Commission made adjustments to the positions of Secretary of State and Insurance Commissioner.
- Mr. Hopkins agreed with Mr. Carlisle. He was on the Commission in 2003 when the Willis review of the Executive Branch positions was done. It showed the positions were consistent in their alignment. The testimony of the elected officials that they are paid less than appointed officials is correct but he doesn't advocate doing anything at this time. All are within 10% of their appointed counterparts. The proposal adopted in January is good.
- Ms. Byington said there are also differences in the elected and appointed positions with respect to credential requirements. If you look at who the Governor might pick for OFM, that individual would need considerable experience in financial management. The elected officials have deputies who oversee staff and programs.
- Ms. Hanson asked if that was why subordinates are paid higher.
- Ms. Byington answered that is part of it. Also, there is a degree of freedom of action for the elected officials and different accountability.
- Ms. Hornbeck stated that is not unusual in the private sector to have technical staff paid more than administrators because of credentials or expertise needed; for example, in health care.
- Mr. Ryan said a good example is the Insurance Commissioner who has to hire actuaries. The current Insurance Commissioner does not have experience in the insurance profession. But, it was a problem several years ago when attorneys made more than the Attorney General. The elected officials set the salaries of their subordinates. There is more discretion for the elected officials in setting subordinate salaries than there is for the appointed agency heads. He believes that the salary for the Lieutenant Governor is pretty good when service as Governor and the legislative per diem is included. He pointed out that the Willis review had rated the Lieutenant Governor's position much lower than the other Executive Branch positions.
- Mr. Boggs stated that he does not see any real public accountability for the position of Lieutenant Governor.
- Mr. Ryan inquired whether there was comparable information available on local government positions; for example, Treasurer and Auditor.

- Ms. Sayer stated that we have the data but did not include it in the commissioners' manuals because only a very few positions in the largest cities and counties had salaries higher than the elected officials. Also, with respect to comparing the position of Treasurer with finance officers in local government, the local finance officers are generally more hands on.
- Ms. Hornbeck wondered whether Mr. Randow had taken into account the Insurance Commissioner's role of taking over and running insurance companies when he reviewed the position in 2003.
- Mr. Carlisle stated that the companies are in receivership and under the supervision of superior court because they aren't meeting capital requirements. The Insurance Commissioner hires staff to oversee the companies. They are not dealing with the day to day operation of the companies.
- Mr. Hopkins asked is this not a hostile takeover.
- Mr. Carlisle responded that they are just trying to get them back on track.
- Mr. Holzmeister stated that he is concerned about the effect of the Commission's proposal on the counties. He suggested staff send a letter to each county.
- Ms. Sayer explained that she often hears from the counties during their budget preparation time and tells them that although she does not know what the Commission's final salary schedule will be, they might want to consider including a COLA for their judges similar to what they do for their elected officials and other staff.
- Ms. Byington stated that their obligation is proportionate to their tax base. If any of the counties have concerns about this issue, they are welcome to come before the Commission and express those concerns.

MOTION BY MR. CARLISLE TO NOT PROPOSE ANY EQUITY INCREASES FOR THE EXECUTIVE BRANCH POSITIONS UNTIL IT IS KNOWN WHAT THE LEGISLATURE DOES FOR STATE EMPLOYEES. SECOND BY MS. HORNBECK.

- Ms. Sayer explained that the Commission may not have that information when it sets the final salary schedule in May.
- Ms. Hightower responded that the Legislature should have adopted the budget by then.
- Ms. Sayer said not necessarily; the 2003 Commission did not have that information when it had to set the final salary schedule. That was not the only time that has occurred.

MS. HORNBECK WITHDREW HER SECOND. THE MOTION DIED FOR LACK OF A SECOND.

- Mr. Doman stated that with respect to the Judiciary, he believes it is not appropriate at this time to take action on an equity adjustment. This decision should be deferred to the May meeting. He supports an increase of 1% each year of the biennium in addition to the COLA. With respect to the Executive Branch and Legislative positions, they have an impact on the state but he believes the focus should be on the Judiciary in order to attract and retain good judges.
- Mr. Hopkins asked what an equity adjustment would do to the counties. It is time for the judges to be brought up but will the counties be able to support it.
- Mr. Doman stated that is a good reason for the discussion at this point so the counties can respond.

- Ms. Byington stated that they are not going to be caught off guard. She prefers to list the Federal wage as a target not an immediate objective. She is not sure that the judges should be benchmarked to the Federal bench. State judges will still leave for private firms.
- Mr. Doman stated that he supports the Chief Justice's proposal of 5% over two years; 1.5% each year in a COLA and 1% each year in an equity adjustment.
- Ms. Hornbeck has concerns about moving toward the Federal bench. The Commission doesn't use other Federal benchmarks. But, the judges have an impact on every citizen and we need to attract the best and brightest. She is concerned that the Judiciary lags so far behind the Federal bench that the Commission will have to make big adjustments. She supports Mr. Doman's suggestion.
- Mr. Hopkins responded that was a good suggestion. The judges compare so well with the other states. He does not want to bind future Commissions to making large increases.
- Mr. Ryan stated that the American Bar Association policy was adopted 20 years ago.
- Ms. Hornbeck noted that we don't have a total picture of what judges in the other states receive.
- Ms. Byington responded that looking at benefits is beyond the scope of the Commission's charter.
- Mr. Doman stated that even though we don't know what other states are doing with respect to benefits, the salaries of our state's judges may remain in their relative place.
- Ms. Byington stated that judges' salaries should be at a level to attract good judges in their mid-careers. Salaries should remain attractive to good jurists.
- Mr. Doman reinforced that sentiment.
- Mr. Ryan stated he has respect for the Judiciary for coming before the Commission and stating what they want the Commission to do.
- Mr. Carlisle noted that the Chief Justice's comments are accurate and honest. He agreed with what was said.

MOTION BY MR. BOGGS TO NOT PROPOSE ANY CHANGES TO THE POSITIONS IN THE EXECUTIVE BRANCH UNTIL THE COMMISSION HEARS TESTIMONY FROM THE ATTORNEY GENERAL; SECOND BY MR. IRWIN.

CHAIR BYINGTON CALLED FOR A VOTE; THE MOTION PASSED 12 TO 1. MR. HOPKINS VOTED NO.

- Ms. Sayer cautioned the Commission to not consider motions on the Proposed Salary Schedule at this time as it may preclude them from taking action later.
- Ms. Byington inquired whether there were further comments regarding the legislative proposal.

There were no comments.

Comment on Legislator Data from Mr. Owen's Report by vice Chair Hopkins

Mr. Hopkins referred commissioners to page 13 of Mr. Owen's report titled Study on Salaries of Legislators and the Judiciary dated November 18, 2004.. He reported that Mr. Owen had been contacted and had provided additional details about his statistical methodology for estimating the salary (\$36,965) which legislators would receive if they were on the same salary schedule as the Exempt Management Service (EMS). Mr. Owen also confirmed that the estimate had been adjusted by 70%, the approximate portion of full-time attributed to the legislative job. Despite the appropriateness of this methodology, Mr. Hopkins went on to say that Chart A of the Owen report still suggested to him that the complex method might actually overestimate the hypothetical legislative salary. For example, he suggested examination of the salary and point-factor ranges of only Band 1

of the EMS salary schedule (depicted graphically after page 8 of the report); this consideration suggests that legislators' current position in Band 1 with respect to salary (\$34,227) corresponds reasonably well to their point value (464) in the Willis system. Based on that, he probably would not support an equity adjustment.

- Mr. Ryan asked whether the points reflect the "hassle factor".
- Mr. Hopkins replied that he is counting on the Willis system to take that into account.
- Ms. Hornbeck stated that she was not sure Willis gives credit for "hassle factors".
- Ms. Byington stated that setting aside regression analysis, jobs are generally assigned to a range not a place in the range.
- Ms. Sayer said the purpose behind EMS was to give agencies flexibility in setting the salaries of their exempt managers.
- Mr. Hopkins noted that based on the discussion regarding flexibility, Mr. Owen's recommendation may be right on target.
- Ms. Hornbeck stated that in three years on the Commission, she had not received feedback from anyone. Recently, an acquaintance who worked for the Legislature asked about the data the Commission reviews. Her comment to Ms. Hornbeck was that legislators were undervalued and should be paid more like a 75% teacher. Also, legislators have other duties including spending many hours on the job in the communities and are expected to have vast degrees of expertise. It was mentioned that two members had to leave the Legislature because they did not make enough money to support their families. Ms. Hornbeck stated that we need to be competitive and recognize legislators' broad range of responsibilities.

Commission Membership, Chair Byington

Chair Byington stated that several news articles had referenced a particular constituency for commissioners and her intent was to clarify this issue. She stated that the Commission is made up of citizens from the congressional districts and those from particular fields such as business who bring specific expertise to the salary setting process. Each commissioner represents the citizens of the state of Washington rather than a particular constituency. She felt that to believe otherwise would be polarizing to the Commission's process. She suggested that if the media tries to pin down a commissioner to a particular constituency, that person should depoliticize the discussion by stating that they represent the citizens of the entire state.

The meeting was adjourned at 3:05 PM

Sue Byington, Chair Date